

MEMO

DATE: December 14, 2006

TO: Community, Economic, and Human Development Committee

FROM: Jeffrey S. Dunn, Government Affairs Analyst

SUBJECT: Infrastructure Bonds: Issues and Impacts

BACKGROUND:

On November 7, 2006, California voters approved Proposition 1C, the Housing and Emergency Shelter Trust Fund Act of 2006. Proposition 1C authorizes the sale of \$2.65B in bonds and specifies that its proceeds be deposited in various funds to fund 13 new and existing housing and development programs administered by the State Department of Housing and Community Development (HCD).

- Of the \$2.85B provided by this bond, approximately \$1.5B is allocated for existing housing programs administered by HCD, and approximately \$1.35B is 'new' money to be allocated for the following purposes:
 1. \$850M for infill development;
 2. \$200M for parks/recreation development;
 3. \$300M for Transit-Oriented Development to provide high-density housing near transit stations. (The bond provides that HCD, as part of its process for considering recipient projects for these funds, shall grant bonus points to projects or developments that are in an area designated by the appropriate council of governments for infill development as part of a regional plan).
- HCD is in the process of developing the program guidelines for projects applications for these funds. For TOD funds, the program will be modeled after the Multi-Family Housing Program that was the primary recipient of Prop. 46 funds passed by the voters a few years ago.
- All programs shall be considered by competitive application according to a ranking system established by HCD.
- HCD has met with the major transit agencies statewide to gather information on transit project goals and criteria and will hold six site workshops to gain more information from local agencies.
- The timeline to begin the application process for all projects is June 2007 before the FY ends.

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Regional Economic Impacts

Implementation of the housing bond will provide economic stimulus to the region and will cause a ripple effect in the overall regional economy, not only within the building industry but also for a wide range of related industries and services. In addition to the direct benefits of increased employment of construction workers, architects, engineers, and skilled trade workers, industry suppliers of materials and services necessary for the development of parks, sewer, transportation, and environmental clean-up related to infill development will benefit from this bond, as well as wholesale and retail suppliers of all goods and services related to residential construction. In broader economic terms, implementation of the housing bond will soften the landing of the recent downturn of housing starts and the cyclical correction occurring in the residential real estate market overall.

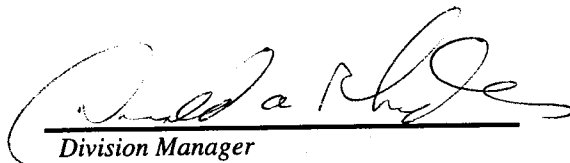
Proposition 1C Funds' Allocation/Implementation

It is anticipated that discretionary bond monies will be allocated in a manner similar to past allocations of funds authorized by ballot proposition, with HCD promulgating the guidelines and criteria for submission, ranking, and selection of projects. SCAG will work to identify the best use of Proposition 1C discretionary funds to appropriate them in a manner consistent with its regional plans and adopted initiatives. SCAG will work to ensure that TOD funds are allocated to the critical growth opportunity areas identified in the Compass Blueprint 2% strategy, and will work generally to ensure that the region receives funds that are proportional to its statewide share of need to develop housing, infill, and other purposes specified by the bond.

FISCAL IMPACT:

All work related to ongoing efforts to assist the implementation of the housing bond is contained within the adopted FY 06-07 budget and does not require the allocation of any additional financial resources.

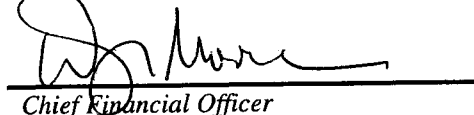
Reviewed by:


Division Manager

Reviewed by:


Department Director

Reviewed by:


Chief Financial Officer

MEMO

DATE: December 14, 2006
TO: Energy and Environment Committee
FROM: Jeffrey S. Dunn, Government Affairs Analyst
SUBJECT: Infrastructure Bonds: Issues and Impacts

BACKGROUND:

On November 7, 2006, California voters approved Proposition 1E, the Disaster Preparedness and Flood Prevention Bond Act of 2006, and Proposition 84, the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006.

Proposition 1E

Prop. 1E is a \$4.1 billion levee repair and flood control bond designed to shore up the state's deteriorating levee system. Of the total bond, \$3 billion would go to the Delta and state-federal project levees. The remaining \$1.09 billion includes \$500 million for statewide flood control subventions; \$300 million for grants to local governments for storm water flood management; and \$290 million for alluvial floodplains and bypasses. The majority of these funds would go to Bay Area, Southern California, and Napa communities.

Regional Impacts

Proposition 1E subvention allocations to the SCAG region are as follows:

- Orange County will receive approximately \$185 million in directed funding for the Santa Ana River Mainstem and is eligible for its share of funding from the \$300 million for storm water flood control projects.
- Los Angeles County will receive approximately \$10 million in directed funding for the Los Angeles County Drainage Area and is eligible for its share of funding from the \$300 million for storm water flood control projects.
- Riverside County will receive approximately \$12.9 million: Gunnerson Pond - \$1.5 million; Murrieta Creek - \$5.2 million; Norco Bluffs - \$3.5 million; Santa Ana River Mainstem - \$2 million; Lake Elsinore Outlet - \$700,000.
- San Bernardino County will receive approximately \$6.1 million.

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Proposition 84

Prop. 84 is a \$5.4 billion initiative that will provide funding for all of the major natural resource protection and water programs at the state level. All of California will benefit from these funds, as programs with local, regional and statewide benefit can all compete for funding. The bond provides funding under the following broad categories:

- Water quality \$1.525 billion
- Protection of rivers, lakes and streams \$ 928 million
- Flood Control \$ 800 million
- Sustainable communities and climate change reduction \$ 580 million
- Protection of beaches, bays, and coastal waters \$ 540 million
- Parks and natural education facilities \$ 500 million
- Forest and wildlife conservation \$ 450 million
- Statewide water planning \$ 65 million

Regional Impacts

Of the \$1.525 billion allocated for water quality, \$1 billion is provided to the Department of Water Resources for Integrated Regional Water Management. A regional breakdown of funding from this and other funding categories are as follows:

SCAG Region

Bond Funding Category	Program	Funding Amount
Integrated Water Management & Water Quality	Los Angeles Integrated Regional Water Management	\$215 million
Integrated Water Management & Water Quality	Santa Ana Sub-Region Integrated Regional Water Management	\$114 million
Protection of Rivers, Lakes & Streams	Los Angeles and San Gabriel Rivers	\$72 million
Protection of Rivers, Lakes & Streams	Santa Ana River Parkway Improvement (to be divided equally between OC, SB, and RV counties)	\$45 million
Beaches, Bays & Coastal Protection	Santa Monica Bay Watersheds (to be divided 50% each for Santa Monica Mtns for upper LA river protection, and San Gabriel/Lower LA River conservancy)	\$45 million
TOTAL		\$491 million

Funds allocated under the Integrated Regional Water Management are divided by hydrologic regions and available by competitive grants within those regions. The program is modeled after and uses guidelines promulgated for Proposition 50 passed by the voters a few years ago. Based on past programs, it is

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estimated that the \$1 billion in state investment will leverage an estimated \$3 billion in local investment and provide 1 million acre feet of new water supply or reduced demand each year. A similar ratio of leveraged investment funds flowing to the region can be anticipated for Integrated Regional Water Management funds allocated to the region under Prop. 84.

FISCAL IMPACT:

All work related to implementation of the water bonds is contained within the adopted FY 06-07 budget and does not require the allocation of any additional financial resources.

Reviewed by:



Department Director

Reviewed by:



Chief Financial Officer

MEMO

DATE: December 14, 2006
TO: Transportation and Communications Committee
FROM: Jeffrey S. Dunn, Government Affairs Analyst
SUBJECT: Infrastructure Bonds: Issues and Impacts

BACKGROUND:

On November 7, 2006, California voters approved Proposition 1B, The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. The bond provides \$19.9 billion for transportation infrastructure improvements in California, which allocates approximately \$8.1 billion statewide according to formulas under existing law or by direct appropriation in the bond. This leaves approximately \$11.8 billion in discretionary allocations statewide, of which the first and largest category of funds to draw from is the \$4.5 billion Corridor Mobility Improvement Program Account (CMIA). Funds from this program are subject to competitive allocation. The majority of the remaining \$7.3 billion in discretionary transportation funds shall be allocated pursuant to funding legislation in the 2007 legislative session. Other discretionary funds shall also be allocated by competitive processes - some of which are already in existence and others yet to be determined - by Caltrans and/or the California Transportation Commission and/or the Public Utilities Commission.

CMIA Projects: Regional Impacts

CMIA projects are required to be selected by the California Transportation Commission (CTC) from those identified and submitted by the Department and regional or local transportation agencies by no later than January 15, 2007. Selected projects must be ready to commence construction or implementation by 2012, and must be part of the RTP. SCAG solicited the input of the regional transportation commissions regarding their priorities with respect to allocations for CMIA projects. We received the responses listed below:

Metropolitan Transportation Authority (MTA)

The MTA proposes to jointly nominate with Caltrans the following high-priority eligible Los Angeles County projects to be considered by the California Transportation Commission (CTC) for \$1.546 billion in CMIA funds:

Interstate 5 from I-605 to the Orange County Line	\$387 million
Interstate 5 carpool lane from Route 170 to Rte 134	\$ 73 million
I-405 Carpool Lane I-10 to US-101 (Northbound)	\$730 million
Interstate 10 Extend El Monte Busway to County Line	\$356 million

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If available, MTA concurs with Caltrans' nomination of the following priority eligible Log Angeles projects to be considered by the CTC for an additional \$222 million of Corridor Mobility Improvement Account funds:

Corridor Intelligent Transportation System elements	\$ 44 million
Interstate 10/605 Transition (I-605 South to I-10 East)	\$ 71 million
Route 138 from Avenue "T" to Route 18	\$111 million

Orange County Transportation Authority (OCTA)

OCTA has preliminarily identified the following projects in the SCAG region as possible CMIA nominations for infrastructure bond allocations:

SR 91 - Eastbound lane from SR-241 to SR-71; Westbound lane from SR-71 to SR-241; westbound lanes from SR-57 to I-5; add 1 lane each direction Lakeview to Gypsum; westbound lane from SR-55 to Tustin Ave. Estimated Cost: \$200 million

I-405/SR 22 - HOV Connectors 22/405 & 405/605; 2nd HOV lane on 405 from 22 to 605. Estimated Cost: \$400 million. (Estimated CMIA share of cost is \$250 million; Design-Build could reduce projects costs by up to \$100 million).

SR 57 - Northbound lane from Lambert to Tonner Canyon; Northbound lanes from Katella to Lambert. Estimated Cost: \$295 million.

I-5 - Improve I-5/SR-74 Interchange; Gene Autry HOV connection to the west. Estimated Cost: \$75 million.

San Bernardino Association of Governments (SANBAG)

SANBAG has preliminarily identified the following projects in the SCAG region as possible CMIA nominations for infrastructure bond allocations:

I-10 - Install TSM Field Elements & Ramp Improvements in Redlands; widen Exit Ramps and Construct auxilliary lanes in Fontana; Construct Westbound Mixed Flow in Redlands and Yucaipa; Route 10 Pepper Ave Interchange Modification; Route 10 Citrus Avenue Interchange Reconstruction; Route 10 Cedar Interchange Reconstruction; Route 10 Riverside Ave Interchange Reconstruction; I-10 Cherry Interchange Reconstruction. Estimated Cost: \$326 million (Estimated CMIA share of cost is \$262 million).

I-15 - Route 15 widening (Phase 2); I-15 Ranchero Rd Interchange Construction; Route 15 La Mesa Road/Nisquali Road Interchange; Near Devore; Install TSM Field Elements. Estimated Cost: \$278 million (Estimated CMIA share of cost is \$127 million).

I-215 - Route 215 HOV Lanes Rte 10 to Rte 210; On Route 215; Install TSM Field Elements & Widen. Estimated Cost: \$706 million (Estimated CMIA share of cost is \$123 million).

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I-210 – Route 210 connection to I-215; Various Cities; Install TSM Field Elements & Widen. Estimate Cost: \$74 million (Estimated CMIA share of cost is \$41 million).

Ventura County Transportation Commission (VCTC)

The Ventura County Transportation Commission seeks to develop a project to add a carpool lane on Route 101 between Ventura and Santa Barbara. The selected segment includes sections between Milpas Avenue and Hot Springs Road in Santa Barbara, and from Linden Avenue in Carpinteria to Mussel Shoals in Ventura County, and also includes the La Conchita Pedestrian Underpass. This scope meets the corridor mobility criteria and appears to be the only eligible project for Proposition 1B corridor mobility funds. Staff will go to the Commission at its January meeting for approval of the Corridor Mobility application for this project, which is anticipated to cost about \$130 million.

Imperial Valley Association of Governments (IVAG)

The Imperial Valley Association of Governments is currently preparing a request to use some of the Corridor Mobility Improvement Account funds to complete the final phase of the inter-regional Calexico-Coachella Cargo Corridor (or C-4) project that will bypass downtown Brawley.

CMIA Project Selection Process

A CMIA Working Group was established to develop guidelines for submission of recommended projects to the CTC. SCAG staff served on the CMIA Working Group to develop submission guidelines, and will continue to work with CTC staff and local agencies to secure approved CMIA funding for the region. The CTC will adopt the Corridor Mobility Improvement Account Program in its final form on March 1, 2007.


In addition to its participation on the CMIA Working Group, SCAG held a meeting on November 30, 2006 with regional transportation stakeholders including the county transportation commissions, consultants, and other staff to discuss the CMIA Project Nomination process, timeline, RTP amendment process, and future action steps. SCAG will continue to facilitate these discussions as CMIA project selection and other transportation bond implementation processes move forward next year.

FISCAL IMPACT:

All work related to ongoing efforts to assist the implementation of the transportation bond is contained within the adopted FY 06-07 budget and does not require the allocation of any additional financial resources.

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